



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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IN REPLY REFER TO

PAS 0-730.1

13 June 2000
00-PAS-051(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Audit Guidance on Audit Report Format

SUMMARY

Some customers have reported that FAOs are issuing "short form" audit reports that omit information the requestor expected to receive. The short form report format was eliminated with the issuance of the July 1995 CAM. Details regarding audit results, basis of contractor estimates, and extent of audit evaluation may be useful to customers even when there are no audit findings. Explanatory notes may be omitted only when the requestor has indicated they would not be useful.

BACKGROUND

A CAM section entitled "Use of Short Form Audit Reports" was superseded when Chapter 10 was entirely revised for the July 1995 edition of the CAM. "Use of Short Form Audit Reports" permitted including results of audit in the section captioned "Summary of Audit Results" if there were no findings and the report was otherwise responsive to the customer request. No coordination with the customer was required. The current guidance requires requestor agreement before explanatory notes are excluded. Feedback from customers supports the need for, and adherence to, the current guidance. Customers' comments indicate audit reports with explanatory notes provide a useful summary, even when there are no findings. Exclusion of explanatory notes without coordination may deprive customers of a useful resource.

GUIDANCE

Explanatory notes to audit reports may not be omitted without requestor concurrence. CAM 10-210.6(a) states [emphasis added]:

*"Explanatory notes may be omitted in audit reports where there are no findings and the **requestor has indicated** that the information describing the basis of the cost and the audit evaluation would not be useful at negotiations."*

Remaining CAM references to "short" or "short form" audit reports will be deleted in the July 2000 edition of CAM.

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CONCLUDING REMARKS

Please direct any questions regarding this memorandum to Mr. Joseph A. Stewart, Program Manager, Auditing Standards Division at 703-767-3236, fax 703-767-3234, or e-mail dcaa-pas@dcaa.mil.

/s/ Robert DiMucci for

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